



# Clarified Auditing Standards—Learning and Implementation Plan



Now is the time for auditors to prepare for the transition to the clarified auditing standards, which are effective for **calendar year 2012 audits**. Use this roadmap to (1) understand the changes and their impact, (2) help train your professional staff to ensure effective and efficient implementation of the clarified auditing standards, and (3) communicate with your clients proactively about the changes they can expect. You will note several tools and resources to support you in your journey, specifically the AICPA member benefit resources in the Financial Reporting Center at [aicpa.org/SASClarity](http://aicpa.org/SASClarity) as well as the PCPS Clarified Auditing Standards Toolkit, which provides hands-on implementation tools.

Step	Action	Description/Considerations	Recommended Timing	Tools and Resources	Owner
1	Assign owner or task force to become an expert (and take the lead) on understanding and implementing the clarified standards.	SAS Nos. 122–126 impact engagements at all phases—planning/engagement acceptance, fieldwork, and reporting; therefore, you will need to begin to implement new procedures as you prepare for your calendar year 2012 engagements. The clarified standards require documentation and procedures that your firm may or may not have performed before and may have differing impacts on your firm depending on your existing methodology and audit processes.	Summer 2012		[A&A Partner, or A&A Manager or Technical Reviewer]

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2	Familiarize yourself with the clarified standards.	<p>AICPA members, start your engines and use the resources in the Financial Reporting Center for exploring the new standards and the changes from previous standards. The <b>Summary of Differences Between Clarified SASs and Existing SASs</b> and the <b>Preface - Snapshot Overview</b> will jump start your learning process while the <b>Video Clips</b> provide further practitioner insights into potential impacts on your practice.</p> <p>PCPS members, go the next mile and access the resources that are found in the PCPS Clarified Auditing Standards Toolkit, including the <b>Snapshot Overview</b>, written in plain English, to help you understanding what is different, how the work on your desk may change, and also identify auditor and client considerations. Review the <b>AU-C Sections Map</b> to familiarize yourself with the layout of the new standards.</p> <p>Additionally, the publications and CPE courses are key to augment your understanding of the new standards. The Audit Risk Alert will likely prove valuable in providing insight to the “need to know” items.</p>	Summer 2012	<p><b>AICPA’s Financial Reporting Center</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Clarity Project: Questions and Answers</a></li> <li>• <a href="#">Summary of Differences Between Clarified SASs and Existing SASs</a></li> <li>• <a href="#">Preface - Snapshot Overview</a></li> <li>• <a href="#">Video Clips for Auditors</a></li> </ul> <p><b>PCPS Clarified Auditing Standards Toolkit</b> (AICPA’s PCPS Section members only)</p> <ul style="list-style-type: none"> <li>• <a href="#">Snapshot Overview</a></li> <li>• <a href="#">AU-C Sections Map</a></li> </ul> <p><b>Publications</b></p> <ul style="list-style-type: none"> <li>• <a href="#">AICPA Audit Risk Alert Understanding the Clarified Auditing Standards</a></li> <li>• <a href="#">Professional Standards</a> and <a href="#">Codification of Statements on Auditing Standards</a></li> </ul> <p><b>CPE</b></p> <ul style="list-style-type: none"> <li>• On-Demand Course – <a href="#">Understanding the Clarity Project</a></li> </ul>	[Assigned owner or task force]

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3	Take a deeper look into the <b>substantive changes</b> from the extant standards and evaluate the impact on your firm's engagements.	<p>The following AU-C sections are considered likely to affect your firm's audit methodology and engagements because they contain substantive changes:</p> <ul style="list-style-type: none"> <li>• Consideration of Laws and Regulations (AU-C 250)</li> <li>• Communicating Internal Control Related Matters (AU-C 265)</li> <li>• Related Parties (AU-C 550)</li> <li>• Group Audits (AU-C 600)</li> <li>• Auditors Reports (AU-C 700, 705, and 706)</li> </ul> <p>The <b>Snapshot Overview</b> highlights potential auditor and client considerations that may be useful in making this evaluation of the impact on your firms engagements. The <b>Summary of Differences Between Clarified SASs and Existing SASs</b> highlights the substantive changes listed above from the extant standards.</p>	Summer 2012	<p><b>AICPA's Financial Reporting Center</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Summary of Differences Between Clarified SASs and Existing SASs</a></li> <li>• <a href="#">Summary of Clarified Auditing Reporting Standards</a></li> <li>• <a href="#">Video Clips for Auditors</a></li> </ul> <p><b>PCPS Clarified Auditing Standards Toolkit</b> (AICPA's PCPS members only)</p> <ul style="list-style-type: none"> <li>• <a href="#">Snapshot Overview</a></li> </ul> <p><b>Publications</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Audit Risk Alert Understanding the Clarified Auditing Standards</a></li> <li>• <a href="#">Audit Risk Alert Understanding the Responsibilities of Auditors for Audits of Group Financial Statements</a></li> <li>• <a href="#">The Auditor's Report: Comprehensive Guidance and Examples</a></li> <li>• <a href="#">Related Party Audit Considerations: A Case Study Approach</a></li> </ul> <p><b>CPE</b></p> <ul style="list-style-type: none"> <li>• On-Demand Course – <a href="#">Understanding the Clarity Project</a></li> </ul>	[Assigned owner or task force]
4	Apply what you have learned about changes in auditing standards to your firm's audit methodology and guidance. Consider potential impacts to the audits your firm performs.	<p>Revise your firm guidance and audit methodology to reflect the clarified auditing standards.</p> <p>Even if your firm uses a third-party provided methodology, ensure you understand the new standards and how the methodology provider has implemented them into their solution.</p> <p>Through your understanding of the standards, you may find more efficient and effective ways to comply with the standards than completing every step in a commercially available methodology; thus saving your engagement team's time and money.</p> <p>Ensure a quality review of the revisions to your firm guidance and audit methodology occurs.</p>	Summer 2012	<p><b>AICPA's Financial Reporting Center</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Scalability of Generally Accepted Auditing Standards According to the Size and Complexity of an Entity</a></li> <li>• <a href="#">Summary of Differences Between Clarified SASs and Existing SASs</a></li> </ul> <p><b>PCPS Clarified Auditing Standards Toolkit</b> (AICPA's PCPS members only)</p> <ul style="list-style-type: none"> <li>• <a href="#">Snapshot Overview</a></li> </ul> <p><b>Publications</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Professional Standards</a> and <a href="#">Codification of Statements on Auditing Standards</a></li> <li>• AICPA Audit Guides (fully conformed to the clarified standards in the 2012 editions)</li> <li>• Industry-specific AICPA Audit and Accounting Guides will reference substantive changes in the 2012 editions and then will be fully conformed in the 2013 editions</li> </ul> <p><b>CPE</b></p> <ul style="list-style-type: none"> <li>• On-Demand Course – <a href="#">Understanding the Clarity Project</a></li> </ul>	[Assigned owner or task force]

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5	Facilitate training for your professional staff and partner group.	<p>A smooth transition to the clarified standards requires planning, information, education, and training for all audit staff.</p> <p>PCPS member firms, shift your practice into high gear and facilitate a training session using the <b>Staff Training PowerPoint</b> template. Tailor the PowerPoint to fit your firm's needs considering your client base and existing methodology. Consider providing the <b>Snapshot Overview</b> as a handout to professional staff during training.</p>	Summer 2012	<p><b>AICPA's Financial Reporting Center</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Summary of Differences Between Clarified SASs and Existing SASs</a></li> <li>• <a href="#">Auditing Standards Board Clarity Project Powerpoint Presentation</a></li> <li>• <a href="#">Video Clips for Auditors</a></li> </ul> <p><b>PCPS Clarified Auditing Standards Toolkit (AICPA's PCPS members only)</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Staff Training PowerPoint</a></li> <li>• <a href="#">Snapshot Overview</a></li> </ul> <p><b>Publications</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Professional Standards</a> and <a href="#">Codification of Statements on Auditing Standards</a></li> <li>• AICPA Audit Guides (fully conformed to the clarified standards in the 2012 editions)</li> <li>• Industry-specific AICPA Audit and Accounting Guides will reference substantive changes in the 2012 editions and then will be fully conformed in the 2013 editions</li> </ul> <p><b>CPE</b></p> <ul style="list-style-type: none"> <li>• On-Demand Course – <a href="#">Understanding the Clarity Project</a></li> </ul>	[Assigned owner or task force]

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6	Determine how the clarified auditing standards may impact each audit engagement and prepare for potential client concerns that may need to be addressed. The clarified auditing standards provide special considerations for smaller, less complex organizations or governmental entities.	<p>Review the Q&amp;A's relating to scalability for size and complexity considerations for your client base.</p> <p>Note that revised Yellow Book (GAGAS) standards will become effective at the same time as the clarified standards for auditors of governmental units.</p> <p>PCPS member firms, utilize the <b>Client Considerations Evaluation Worksheet</b> to evaluate the impact for each client on a case-by-case basis. Consider having the engagement team complete the worksheet prior to planning the audit to ensure the potential impact to scope and fees for each specific engagement have been considered. The worksheet can also be used to prepare to address client specific circumstances and possible client concerns.</p> <p>Further, topical and industry specific guidance is also available.</p>	Summer–Fall 2012	<p><b>AICPA's Financial Reporting Center</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Summary of Differences Between Clarified SASs and Existing SASs</a></li> <li>• <a href="#">Scalability of Generally Accepted Auditing Standards According to the Size and Complexity of an Entity</a></li> <li>• <a href="#">Auditing Standards Board Clarity Project Powerpoint presentation</a></li> <li>• <a href="#">Video Clips for Auditors</a></li> </ul> <p><b>PCPS Clarified Auditing Standards Toolkit (AICPA's PCPS members only)</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Client Considerations Evaluation Worksheet</a></li> </ul> <p><b>Publications</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Audit Risk Alert Understanding the Responsibilities of Auditors for Audits of Group Financial Statements</a></li> <li>• <a href="#">Practice Aid Using an SSAE No. 16 Service Auditor's Report (SOC 1 Report) in a Financial Statement Audit</a></li> <li>• <a href="#">Audit Guide Special Considerations in Auditing Financial Instruments</a></li> <li>• AICPA Audit Guides (fully conformed to the clarified standards in the 2012 editions)</li> <li>• Industry-specific AICPA Audit and Accounting Guides will reference substantive changes in the 2012 editions and then will be fully conformed in the 2013 editions</li> </ul> <p><b>CPE</b></p> <ul style="list-style-type: none"> <li>• On-Demand Course – <a href="#">Understanding the Clarity Project</a></li> </ul>	[Assigned owner or task force]
7	Ensure Engagement Letters, Auditor's Reports, and Management Representation Letters are all updated to incorporate new required language.	<p>The resources listed here provide example engagement letters and reports for use on your audits.</p> <p>The clarified auditing standards, available in <i>Professional Standards</i> contain examples of engagement letters and new reports. PCPS members, you also have access to comparison examples of previous report letters and new report letters along with a sample engagement letter in the exhibits within the <b>Snapshot Overview</b>.</p>	Summer 2012	<p><b>AICPA's Financial Reporting Center</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Summary of Clarified Auditing Reporting Standards</a></li> </ul> <p><b>PCPS Clarified Auditing Standards Toolkit (AICPA's PCPS members only)</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Snapshot Overview (exhibits)</a></li> </ul> <p><b>Publications</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Professional Standards</a> and <a href="#">Codification of Statements on Auditing Standards</a></li> <li>• <a href="#">The AICPA's Audit Risk Alert Understanding the Clarified Auditing Standards</a></li> <li>• <a href="#">The Engagement Letter: Best Practices and Examples</a></li> <li>• <a href="#">The Auditor's Report: Comprehensive Guidance and Examples</a></li> </ul>	[Assigned owner or task force]

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8	Communicate with your clients.	<p>Although early implementation is not permitted, several changes have been created that may require early discussions with clients. In addition, some of the changes may impact the acceptance of certain engagements by an auditor.</p> <p>To make the transition to the new standards go smoothly, you may want to identify the changes specific to your clients on a case by case basis (step 6). Then consider scheduling meetings with each client to address their specific engagement and discuss scope changes and fees.</p> <p>Access the PCPS Clarified Auditing Standards Toolkit for these resources; a <b>Client Letter</b> template can be tailored to give clients a general “heads up” on the new audit requirements. The <b>Website/Client Newsletter</b> template will allow you to more broadly communicate general expected changes in upcoming audits.</p>	Summer 2012	<p><b>PCPS Clarified Auditing Standards Toolkit (AICPA’s PCPS members only)</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Client Considerations Evaluation Worksheet</a></li> <li>• <a href="#">Client Letter Template</a></li> <li>• <a href="#">Website/Client Newsletter Template</a></li> </ul> <p><b>Publications</b></p> <ul style="list-style-type: none"> <li>• <a href="#">The AICPA’s Audit Risk Alert Understanding the Clarified Auditing Standards</a></li> <li>• <a href="#">The Engagement Letter: Best Practices and Examples</a></li> </ul>	[Assigned owner or task force]

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